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FISCAL IMPACT STATEMENT

LS 7130

BILL NUMBER: SB 282

NOTE PREPARED: May 4, 2005

BILL AMENDED: Apr 27, 2005

SUBJECT: Municipal Riverfront Development Projects.

FIRST AUTHOR: Sen. Long

FIRST SPONSOR: Rep. Borror

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a Municipal Riverfront Development Project to be located in certain Community Revitalization Enhancement districts. The bill also allows the Alcohol and Tobacco Commission (Commission) to issue ten three-way, two-way, or one-way alcoholic beverage permits to restaurants located: (1) in a historic district in a city or town; or (2) not more than 500 feet from the historic district; if the historic district meets certain requirements. It provides that an applicant is not eligible for a permit if, less than two (2) years before the date of the application, the applicant sold a retailer's permit that was subject to a quota for premises within the historic district or within 500 feet of the district. The bill prohibits a permit issued under these provisions from being transferred. This bill also requires the legislative body of the city or town to recommend sites to the commission that are eligible to be permit premises. The bill requires the commission to consider the recommendation of the municipal legislative body in issuing a permit, but does not require the commission to follow the recommendation of the municipal legislative body in issuing the permit.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: This bill will have an administrative impact on the ATC. If there is an increase in administrative costs, the ATC could presumably cover the increase through the use of existing staff and resources. The impact on the ATC will depend upon the increase in permit applications that result from this legislation. It is estimated that this bill will not result in a significant increase in permit applications.

Explanation of State Revenues: *Municipal Riverfront Development Project:* The bill could potentially expand the number of Municipal Riverfront Development Project Areas where alcohol beverage retail permits could be issued by the Alcohol and Tobacco Commission (ATC) without regard to permit quotas. The impact of this

change is indeterminable. However, if this provision increases the number of alcoholic beverage retail permits issued, revenue to the ATC's Excise Fund would increase. A third of the revenue collected in the Excise Fund is deposited in the state General Fund, the remaining two-thirds is distributed to cities, towns, and counties based on population.

Background: Under current law the ATC is authorized to issue permits, without regard to permit quotas, to restaurants located in Municipal Riverfront Development Project Areas if the applicant can show that their location meets the following criteria:

- (1) The project boundaries must border on at least one (1) side of a river.
- (2) The proposed permit premises may not be located more than:
 - (A) one thousand five hundred (1,500) feet; or
 - (B) three (3) city blocks;from the river, whichever is greater. However, if the area adjacent to the river is incapable of being developed because the area is in a floodplain, or for any other reason that prevents the area from being developed, the distances described in clauses (A) and (B) are measured from the city blocks located nearest to the river that are capable of being developed.
- (3) The permit premises are located within:
 - (A) an economic development area, a blighted area, an urban renewal area, or a redevelopment area established under IC 36-7-14, IC 36-7-14.5, or IC 36-7-15.1; or
 - (B) an economic development project district under IC 36-7-15.2 or IC 36-7-26; or
- (4) The project must be funded in part with state and city money.
- (5) The boundaries of the municipal riverfront development project must be designated by ordinance or resolution by the legislative body (as defined in IC 36-1-2-9(3) or IC 36-1-2-9(4)) of the city in which the project is located.

This bill adds CREDs to the list of allowable permit areas under requirement (3) above. By adding CREDs to the list of areas where the permittee's premises may be located expands the number of areas the ATC can issue permits to restaurants located in Municipal Riverfront Development Project Areas.

Alcohol Permits in Certain Historic Districts: The impact this bill will have on state revenues is indeterminable. This bill will allow the ATC to issue not more than ten (10) three-way, two-way, or one-way permit, without regard to quotas, to a restaurant that is located:

- (1) in a historic district in a city or town; or
- (2) not more than 500 feet from the historic district.

The bill also provides that the historic district must meet other specified criteria. After applying the criteria from the bill, the only eligible district known at this time is located in downtown Valparaiso. If all 10 permits are issued the total revenue increase would be up to \$7,500 annually from permit fees.

The impact on state revenue would be as a result of permit fees, or increased beer, wine, and liquor sales, which would result in the state collecting more Excise taxes. These permits are issued for a term of one year and the normal fees for these permits are as follows:

- (1) a one-way permit is \$250;
- (2) a two-way permit is \$500;
- (3) a three-way permit is \$750.

The impact on alcohol sales is indeterminable. Revenue from alcohol Excise taxes are distributed to the following funds: state General Fund, the Post War Construction Fund, the ATC Enforcement and Administration Fund, and the Addiction Services Fund.

Explanation of Local Expenditures: *Alcohol Permits in Certain Historic Districts:* This bill also provides that the municipal legislative body must make a recommendation designating sites that are eligible to be a permit premises. Permits could only be issued by the ATC to premises located at these designated sites. This provision could have an administrative cost impact on the local legislative body, but it is presumed that the impact could be covered through the use of existing staff and resources.

Explanation of Local Revenues: *Municipal Riverfront Development Project:* Two-thirds of the revenue distributed to the Excise Fund is distributed to cities, towns, and counties based on population. If more restaurants obtain permits, Excise Fund distributions to local entities could increase.

Alcohol Permits in Certain Historic Districts: Two-thirds of the fee revenue is distributed to cities, towns, and counties based on population.

Portions of the alcohol excise taxes that are collected are distributed to the cities and towns on the basis of population.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Cities with CREDs; Legislative body of an eligible city or town.

Information Sources:

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